

Senate File 359 - Introduced

SENATE FILE 359

BY ZAUN

A BILL FOR

1 An Act relating to the corporate income tax rates imposed
2 on corporations and including retroactive applicability
3 provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.33, subsection 1, Code 2015, is
2 amended by striking the subsection and inserting in lieu
3 thereof the following:

4 1. a. A tax is imposed annually upon each corporation doing
5 business in this state, or deriving income from sources within
6 this state, at the rate of six percent of the taxable income
7 received by the corporation during the income year.

8 b. For purposes of this section, "*taxable income*" means the
9 net income as calculated in section 422.35 and determined to
10 be reasonably attributable to Iowa pursuant to subsections 2
11 and 3.

12 Sec. 2. Section 422.33, subsection 1A, Code 2015, is amended
13 to read as follows:

14 1A. There is imposed upon each corporation exempt from
15 the general business tax on corporations by section 422.34,
16 subsection 2, a tax at the ~~rates~~ rate specified in subsection 1
17 upon the state's apportioned share computed in accordance with
18 subsections 2 and 3 of the unrelated business income computed
19 in accordance with the Internal Revenue Code and with the
20 adjustments set forth in section 422.35.

21 Sec. 3. Section 422.33, subsection 4, paragraph a, Code
22 2015, is amended to read as follows:

23 a. In addition to all taxes imposed under this division,
24 there is imposed upon each corporation doing business within
25 the state the greater of the tax determined in subsection 1,
26 ~~paragraphs "a" through "d"~~ or the state alternative minimum tax
27 equal to sixty percent of the maximum state corporate income
28 tax rate, rounded to the nearest one-tenth of one percent, of
29 the state alternative minimum taxable income of the taxpayer
30 computed under this subsection.

31 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies
32 retroactively to January 1, 2015, for tax years beginning on
33 or after that date.

34

EXPLANATION

35 The inclusion of this explanation does not constitute agreement with

1 the explanation's substance by the members of the general assembly.

2 This bill relates to the tax rates applied to corporations
3 under the corporate income tax.

4 Currently, the corporate income tax is imposed in a
5 progressive manner using four income brackets with increasing
6 rates: on the first \$25,000 of taxable income, the rate is
7 6 percent; on taxable income between \$25,000 and \$100,000,
8 the rate is 8 percent; on taxable income between \$100,000 and
9 \$250,000, the rate is 10 percent; on taxable income of \$250,000
10 or more, the rate is 12 percent. The bill eliminates this
11 tiered bracket and rate structure and imposes the tax at the
12 rate of 6 percent on the corporation's taxable income.

13 The bill applies retroactively to tax years beginning on or
14 after January 1, 2015.